Edwards, Michelle

From:

Elliott,Earl

Sent:

Sunday, September 10, 2017 3:49 PM

To:

Azar, George; Auler, Amy; Don Morris; Nasser, Karrum; Nation, Todd; Garrison, Neil;

Crossen, Martha; DeBaun, Curtis

Cc:

Bennett, Duke A; Ellis, Leslie; Edwards, Michelle; Felling, Darrell

Subject:

Fw: **External**T H S&P BOND RATING

Attachments:

ExternalT H S&P BOND RATING

Council members, Attached is an article that Dave Taylor sent to me last week concerning a downgrade of the City's bond rating. I suggest you read it. It will probably come up in a future Council meeting. I will get you some more information on bond ratings that will put our new rating in perspective. Earl

From: contact@sackrider.com <contact@sackrider.com>

Sent: Sunday, September 10, 2017 3:55 PM

To: Elliott, Earl

Subject: **External**T H S&P BOND RATING

FILED

SEP 1 1 2017

External Email - Think Before You Click

CITY CLERK





PR Scoop description and the second s

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Terre Haute, IN ICR Lowered Four Notches To 'BB' Due To Weak Management, Finances; Outlook Negative

Like 0 Sharo

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S&P Global Ratings 23 March 2017 8:52

CHICAGO (S&P Global Ratings) March 22, 2017-

-S&P Global Ratings has lowered its issuer credit rating (ICR) on Terre Haute, Ind. four notches to 'BB' from 'BBB+'. At the same time, we lowered the long-term rating to 'BB' from 'BBB+' on Terre Haute Sanitary District's 2012 bonds. The outlook is negative for both ratings.

"The downgrade reflects our view of the city's very weak management conditions, demonstrated by an ongoing structural imbalance with no credible long-term plan in place to restore fiscal solvency," said S&P Global Ratings credit analyst Anna Uboytseva.

The city's 'vulnerable' Financial Management Assessment score and the political gridlock that is negatively affecting financial operations also contribute to our very weak management assessment. In our view, the rating is also constrained by the city's very weak budgetary flexibility with available reserves at less than negative 5% of general fund expenditures. The 'BB' rating reflects our opinion that the city faces uncertain financial conditions that could hurt its ability to meet its financial commitments.

The negative outlook reflects uncertainty regarding the city's ability to create, implement, and sustain structural budgetary reforms, as well as a possibility that access to external cash could be diminishing. Therefore, we believe that there is a one-in-three chance the rating could be lowered over the next one or two years.

The city has very weak finances, characterized by a negative general fund cash balance (negative \$8 miltion at the end of 2016) that's unlikely to improve in the foreseeable future. The city's financial position continues to deteriorate following at least seven years of structurally imbalanced operations. Terre Haute officials cite the growing and high tax cap losses (circuit-breaker losses), which accounted for 32% of the 2015 certified levy, as the cause of financial deterioration. In addition to high circuit-breaker losses, the city faces several other challenges including: underperforming golf and park funds with consistent operating deficits and negative reserves (negative \$3.8 million and negative \$1.1 million cash reserves, at the end of 2016, respectively); management's unwillingness to make expenditure reductions, and unrealistic budget assumptions.

Circuit breaker tax caps came into effect in 2008. Terre Haute's tax caps have been high since tax reform measures were introduced but then more than doubled in 2013 following a 13% decline in the net assessed value as a result of reassessment. Over time, management implemented budget adjustments but they have been small relative to the revenue losses and budget deficits. Management has been refluctant to make cuts to the budget because public safety expenditure comprises a significant portion of the budget. Consequently, the ending general fund cash reserves declined to negative 28% of operating expenditures in 2015, from negative 14% in 2013 and negative 3% in 2010.

Published By That PR Keyword: S&P, S&P Clobal Ratings, Stundard & Poors



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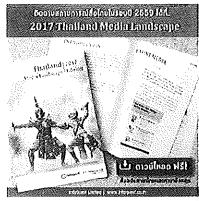
Jedinibe Kabadistli

เทียงภูณไปขีเมลของคุณเองก็สามารถส่งข่าวใต้โดยไปที่ หน้า ฝากปวาประมาถับเงินธ์เร็ หากคิดปัญหาสามารถ ติถต่อเราโต้ที่หน้า ThaiPR.net Fan Page หรืออีเมลหา เราที่ help@thaipr.net ขอบคุณต่ะ



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